

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to establish the  
California Institute for Climate Solutions.

Rulemaking No. 07-09-008

**REPLY COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS  
ON ORDER INSTITUTING RULEMAKING TO CONSIDER ESTABLISHING  
CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS**

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The Alliance for Retail Energy Markets (“AReM”)<sup>1</sup> submits the following brief reply comments on issues related to the proposal to create a California Institute of Climate Solutions (“CICS”). Specifically, AReM responds to the November 5, 2007, Comments of The Utility Reform Network in Response to the Rulemaking Order (“TURN Comments”).

**Summary**

Some things are givens . . . the Capulets don’t like the Montagus, the Hatfields can’t stand the McCoys and TURN detests direct access. However, even TURN has gone over the top in its latest diatribe against freedom of choice, contending that somehow restoring a competitive market for California’s electricity customers “runs counter to the effort to reduce greenhouse gases.”<sup>2</sup> As discussed below, TURN’s logic is flawed, its analysis biased and its resulting conclusion inaccurate. As a result, TURN’s comments with regard to direct access should be disregarded by the Commission.

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<sup>1</sup> AReM is a California mutual benefit corporation whose members are electric service providers that are active in California’s direct access market. The positions taken in this filing represent the views of AReM and its members but not necessarily those of the affiliates of its members with respect to the issues addressed herein.

<sup>2</sup> TURN Comments at p. 6.

## **I. AReM Response**

TURN suggests that dealing with climate change and reducing greenhouse gas productions and the restoration of customer choice and reviving retail competition are somehow an “either/or” proposition. According to TURN, the rationale for this position is that non-utility providers will seek to avoid compliance with greenhouse gas reduction standards. In making this statement, TURN displays a surprising lack of confidence in the Commission’s ability to develop and impose enforceable greenhouse gas regulations that are applicable to all load-serving entities. To the contrary, AReM believes that the Commission is perfectly capable of developing fair and equitable compliance standards and AReM’s members fully recognize that they will have to comply with those standards.

It is also ironic that an organization purportedly devoted to “consumer rights, affordable rates and a more livable California”<sup>3</sup> would express such concern about “permitting certain customers to obtain electricity services at lower costs than they would face if they obtained the same services from the regulated utility at tariffed rates.”<sup>4</sup> Apparently the right of choice is not one of the “consumer rights” that is of importance to TURN. Although TURN has established itself as a responsible advocate for the rights of smaller customers, it always seems to ignore the fact that many thousands of California residential and small commercial customers are direct access customers. Moreover, should the right of choice be restored in California, it should be for all customers and not just the “certain customers” that TURN alleges. For TURN, the consumer right it most strongly seems to advocate is the right of a consumer to be told by TURN what to do. AReM surmises that most customers would prefer to make their own decisions.

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<sup>3</sup> See TURN website, “About Us” at <http://turn.org/article.php?list=type&type=3>

<sup>4</sup> TURN Comments, at p. 6.

Finally, TURN rails against costs that allegedly would not need to be incurred but for the restoration of choice, with its sole example being the establishment of a capacity market. Given that any number of capacity market advocates have certainly not been hitherto known as closet sympathizers with direct access, one questions TURN's assertions in this regard. It is, quite simply, another attempt at wild exaggeration to serve a questionable point.

## **II. Summary and Conclusion**

Finally, it should be noted that the Rulemaking states that:

“To realize this wholesale transformation of our economy and lifestyle, California must draw on our collective financial and intellectual capital. We must fully engage not only the public and private sectors, but in particular the academic community. Recognizing this, the Commission President requested that the University of California, as the public university research institution in California, formulate a proposal for an institute that could develop and implement the necessary mission-based research that is needed. The Commission's intent is to engage not only the UC system, but also the major private research universities, Cal Tech, Stanford and USC, and the California State University and Community College systems as well.”<sup>5</sup>

The Commission should recall that the DA OIR was commenced when almost two hundred parties joined in filing a petition asking the Commission to open an OIR to consider the restoration of customer choice in California.<sup>6</sup> Prominent among the signatories to that petition were the:

- Regents of the University of California
- California State Universities
- Community College League of California
- School Project for Utility Rate Reduction
- Twenty-five elementary, secondary and junior college districts and colleges

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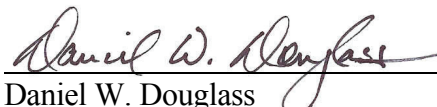
<sup>5</sup> Rulemaking, at p. 4.

<sup>6</sup> December 6, 2006, Petition [of multiple parties] to Adopt, Amend, or Repeal a Regulation Pursuant to Pub. Util. Code § 1708.5.

This certainly suggests that these educational institutions that are charged with establishing and fulfilling the mission of the California Institute of Climate Solutions would disagree with TURN's flawed assertions regarding the incompatibility of efforts to combat climate change and the freedom of end use customers to choose their electricity suppliers.

AReM thanks the Commission for its attention to this response to the TURN Comments. We await TURN's next exposition as to how direct access and freedom of choice run counter to the interests of motherhood, the flag and apple pie.

Respectfully submitted,

A handwritten signature in dark ink, reading "Daniel W. Douglass", is positioned above a horizontal line.

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ALLIANCE FOR RETAIL ENERGY MARKETS

November 19, 2007

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the Reply Comments of the Alliance for Retail Energy Markets on Order Instituting Rulemaking to Consider Establishing California Institute for Climate Solutions on all parties of record in proceeding R.07-09-008 by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on November 19, 2007, at Woodland Hills, California.



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Michelle Dangott

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